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SPECIAL COMMITTEE ON THE SITUATION WITH REGARD TO THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES

ACTIVITIES OF FOREIGN ECONOMIC AND OTHER INTERESTS WHICH ARE IMPEDING THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES IN ALL TERRITORIES UNDER COLONIAL DOMINATION AND EFFORTS TO ELIMINATE COLONIALISM, APARTHEID AND RACIAL DISCRIMINATION IN SOUTHERN AFRICA

MONTSERRAT

Working paper prepared by the Secretariat

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INTRODUCTION

1. Basic information on conditions in Montserrat is contained in the general working paper prepared for the current session of the Special Committee (A/AC.109/1101). Supplementary information concerning the activities of foreign economic and other interests in the Territory is presented below. 1/

I. ROLE OF FOREIGN CAPITAL IN THE TERRITORY

2. Foreign investment, mainly from Canada, the United Kingdom of Great Britain and Northern Ireland and the United States of America, continues to play a paramount role in the economy of the Territory. Foreign investment is concentrated in such major areas of the economy of Montserrat as tourism, real estate and property development, manufacturing, international business and telecommunications.

3. The policy of the territorial Government to broaden the economic base of the Territory and to promote private sector investments, including foreign investments, was reviewed by the Chief Minister and Minister for Finance in December 1990. It was noted that over the past 10 years, the strategy of the Government for increased foreign investment had not met with the anticipated level of success and, as a result, a new system of incentives had been introduced aimed at attracting greater local investment (for details see A/AC.109/1077, paras. 4-6).

4. In November 1991, Mr. Reuben Meade, the newly appointed Chief Minister, presented a paper to the Fourth Europe-Caribbean Conference at Brussels, sponsored by the London-based West India Committee. In it, he underscored the importance of United Kingdom and European Community aid and investment to the dependent Caribbean Territories (see A/AC.109/1101, paras. 19-21). He noted that the offshore financial sector was vital to the economies of the dependent Caribbean Territories and that it merited special consideration and assistance in order for those Territories to benefit from the Single European Market. In that connection, the Chief Minister drew attention to the stated objective of article 131 of the Treaty of Rome, which reads: "To further the interest and prosperity of the Territories and to lead them to the economic, social and cultural development to which they aspire". The Chief Minister stated that an examination of the economies indicated that most, if not all, of the Territories were unable to reap the advantages of the trade regime. In addition to proposing European investment in export-related industries, the Chief Minister stressed that serious attention should be paid tc the service sector, in particular to the tourism and the financial sectors, which were the main contributors to the economies of the Territories.

5. The Chief Minister took the same message to the Fifteenth Annual Miami Conference on the Caribbean, held at Miami, United States, in December 1991, where he co-chaired a discussion panel on offshore financial services (see also A/AC.109/1101, para. 57).

6. It was subsequently reported that an investment and trade mission from the United States would visit Montserrat from 4 to 8 August 1992. According to the report, the Chief Minister announced that opportunities existed for small- and medium-size firms in tropical fruit processing, ornamental plant production, poultry and egg production, bottling of spring water, information processing, film and video production, development of a 250-room luxury hotel and a 300-berth yacht marina, setting up of sea island cotton products, ethnic restaurants, handicrafts and offshore banking. 2/

II. TOURISM AND REAL ESTATE DEVELOPMENT

7. Tourism and real estate development continued to be the sectors particularly attractive to foreign investors. The major hotels, condominiums and villas are largely owned and managed by expatriates. The reconstruction and renovation of commercial and residential buildings damaged by hurricane Hugo, as well as the construction of villa complexes are reported in a previous working paper (A/AC.109/1077). In its September 1991 Review, the Eastern Caribbean Central Bank (ECCB) reported that while construction continued to provide the main stimulus to economic activity, there appeared to have been a slow-down in the sector as the major portion of the rebuilding exercise in the commercial and residential sectors was completed. ECCB noted that while data on visitor arrivals were not available, preliminary indications had suggested some improvement in the area resulting from stronger marketing efforts and the hosting by Montserrat of a number of regional seminars and conferences. 3/

8. The policy of the Government regarding tourism is to embark on an eco-tourism strategy aimed at developing the natural attractions of the Territory in a manner consistent with environmental considerations. There are no plans for the establishment of the traditional range of attractions and entertainment facilities related to mass tourism. Promotional activities are to be geared, instead, to visitors who appreciate nature activities and could be expected to contribute to the Territory's preservation efforts.

9. With regard to eco-tourism development, Montserrat has under consideration plans for the establishment and upgrading of several tourist attractions, such as the sulphur springs, the hot water pool, nature trails and the bird sanctuary. These areas, however, are currently rather undeveloped and pose potential hazards to the visitor. The development of natural parks would facilitate the task of expanding tourism without overly taxing or damaging the hitherto unspoilt nature image of the island. A feasibility study undertaken in late 1991 on the development of the Galways Soufrière revealed that this sector lends itself to the training and subsequent employment of women, a factor which will be particularly considered in the preparation of assistance activities. The programme will complement the activities carried out by the European Community under a regional tourism development project. 4/

III. MANUFACTURING

10. The manufacturing sector comprises a number of small-scale enterprises, centred on the assembly of electronic components and the production of garments, textiles, and leather and plastic goods. The contribution of agro-processing facilities to the sector has been increasing.

11. In November 1991, the President of W and W Electronics, a local company, announced that his company would soon begin to assemble front and rear brake components for United States and Japanese cars for the Caribbean market. As a subcontractor in the electronics industry, the company had experienced severe hardship as United States manufacturers scaled back their production and diverted some of their work to Haiti. The company had recently begun to record an increase in business and expected to add another 40 employees to its current staff working on electronic assembly.

12. According to the President of the company, the brake assembly business would make a significant impact on the economy of Montserrat. He recognized the problems manufacturers faced in locating in the Territory, but felt that concentrating on one or two products could earn significant revenue. 5/

13. Also in November 1991, the Government convened a workshop to develop an investment promotion strategy for Montserrat for the period 1992-1995. Representatives of public and private sector enterprises participated in the exercise. These included the main economic departments, the Chamber of Commerce, the National Development Foundation and the Eastern Caribbean Investment Promotion Service based at Washington. 6/

IV. INTERNATIONAL BUSINESS

14. Details concerning the review and reorganization of the Territory's international financial services sector are contained in previous working papers on the Territory. In the current working paper (A/AC.109/1101, paras. 54-57), the Chief Minister reported that the process had been completed and that the Territory was ready to resume full activities in this area (see also paras. 4-6 of the present report).

V. TELECOMMUNICATIONS

15. The London-based Cable and Wireless, Ltd. continued to provide Montserrat with local and international telephone and telecommunication services. In November 1991, the General Manager of the local company attended a conference in the south of England which brought together managers from Cable and Wireless companies and subsidiaries in the Caribbean and senior directors from the headquarters in London. The theme of the conference was "Total Quality Culture - the Measurement of Change". It was reported that the company would assess the viability of mobile cellular telephones in the Territory. A review of rates was under way and was expected to be completed during the first half of 1992 7/ (see also A/AC.109/1101).

Notes

1/ The information contained in the present paper has been derived from published reports.

2/ Caribbean Update (New Jersey), vol. 8, No. 6, July 1992.

3/ Eastern Caribbean Central Bank, Economic and Financial Review, vol. 9, No. 3, September 1991.

4/ DP/CP/MOT/3, para. 22.

5/ The Montserrat Mirror (Plymouth), 29 November 1991.

6/ Ibid., 22 November 1991.

7/ Ibid., 15 November 1991.